Regulation 39-22-527. Agricultural Value-Added Credit.

- 1) The credit for approved investments in agricultural value-added cooperatives and other entities is available only in those tax years in which state revenues exceed limitations on state fiscal year spending by amounts established in 39-22-527(9), C.R.S. In October or November of each year, the State will certify whether there are sufficient excess revenues to make this credit available. See Regulation 39-22-120 for years in which the credit is available.
- 2) The amount of the tax credit is the lesser of \$15,000 or 50% of the investment for each approved project. The maximum credit allowed per tax year is \$50,000 for a taxpayer filing as married filing separately, or \$100,000 for a single or married joint return or for an entire controlled group of corporations as defined in Internal Revenue Code Section 1563(a).
 - a. The total amount of credits allowed to all members of a cooperative or other entity with respect to any one project shall not exceed \$1.5 million.
 - b. Where a credit would otherwise exceed \$1.5 million, the \$1.5 million credit must be prorated to each member on a percent of investment basis, not to exceed the maximum allowed per member.
 - c. The total credits authorized by the Colorado Agricultural Value-Added Development Board each fiscal year shall not exceed \$4,000,000.
- 3) In addition to agricultural cooperatives, the credit is available to other agricultural businesses. (35-75-204(1), C.R.S.)
- 4) Entities electing pass through status for federal income tax purposes are limited to \$100,000 per year in total credit passed through to all investors subject to income tax, which must be shared on the same basis as profits and losses.
- 5) Qualified Subchapter "S" Subsidiaries (QSSS), parent corporations thereof and all limited liability companies related by at least eighty percent ownership are limited to a maximum credit of \$100,000 for all such related corporations or limited liability companies in total.
- 6) Certification forms issued annually by the Colorado Agricultural Value-Added Development Board must be attached to the income tax return for each year the credit is claimed.
- 7) The tax credit is limited to the amount of the net tax liability in the tax year certified by the Colorado Agricultural Value-Added Development Board. There is no carry forward of this credit.